

Indiana Michigan Power Summer 2007 Preparedness

Presentation to the
Indiana Utility Regulatory Commission

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I&M Presenter

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Peak Demand – 2006

	Date	Hour Ending EST	Peak Demand MW
I&M	July 31	1400	4,650
AEP System- East Zone	Aug. 2	1600	21,898

Annual Growth in Demand and Consumption Indiana Michigan Power

Year	Peak ¹ Demand	Growth Rate	Energy ² Requirements	Growth Rate
2002	4,303	----	23,289	----
2003	4,223	-1.9	22,865	-1.8
2004	4,016	-4.9	22,939	0.3
2005	4,193	4.4	23,382	1.9
2006	4,650	10.9	24,371	4.2

¹ Megawatts

² Gigawatthours

I&M Summer 2007 Peak (projected)

Summer 2007 – Projected MW			
	June	July	August
Peak Internal Demand	4,418	4,659	4,610
Committed Off-System Sales	124	124	123
Total Demand	4,542	4,783	4,733
Interruptible Demand	(294)	(294)	(294)
Net Demand	4,248	4,489	4,439

I&M Resources to Meet 2007 Peak

	June	July	August
Installed Capability	5,093	5,068	5,068
Purchases	187	187	187
Total Capability	5,280	5,255	5,255

I&M Resources -- Reserve Margins

Interruptible Demand = 294 MW

	June	July	August
Total Capability	5,280	5,255	5,255
Total System Demand	4,542	4,783	4,733
Reserve Margins Before Interruptibles (%)	738 16.2	472 9.9	522 11.0
Reserve Margins After Interruptibles (%)	1,032 24.3	766 17.1	816 18.4

All numbers are MW except where indicated.

Five-Year Reserve Margins

Reserve margin as a percentage of demand

Summer Season	I & M	AEP System-East Zone
2002	18.1	15.3
2003	19.2	18.4
2004	25.8	22.2
2005	20.2	11.0
2006	9.8	11.4
Projected--2007	17.1	16.9

Note: After curtailment of Interruptible Customers

Summer 2007 Peak AEP System-East Zone

Summer 2007 – Projected MW			
	June	July	August
Total Demand	22,620	23,876	23,055
Interruptible Demand	(614)	(614)	(614)
Net Demand	22,006	23,262	22,441

Annual Growth in Demand and Consumption AEP System—East Zone

Year	Peak Demand	Growth Rate	Energy Requirements	Growth Rate
2002	20,402	----	116,462	----
2003	19,688	-3.5	114,745	-1.5
2004	19,615	-0.4	116,645	1.7
2005	20,774	5.9	120,693	3.5
2006	21,898	5.4	121,832	0.9

Resources and Reserve Margins AEP System-East Zone

Interruptible Demand = 614 MW

	June	July	August
Total Capability	27,279	27,186	27,186
Total System Demand	22,620	23,876	23,055
Reserve Margins Before Interruptibles (%)	4,659 20.6	3,310 13.9	4,131 17.9
Reserve Margins After Interruptibles (%)	5,273 24.0	3,924 16.9	4,745 21.1

All numbers are MW except where indicated.

I&M Equivalent Forced Outage Rates (2004-2006)

	Jan.	Feb.	Mar	Apr.	May	June
2004	10.3	2.2	9.7	13.5	15.3	0.3
2005	6.8	2.3	4.3	0.8	8.2	3.1
2006	1.0	1.8	1.6	0.9	0.6	2.1
	July	Aug.	Sept.	Oct.	Nov.	Dec.
2004	2.2	1.0	2.4	0.6	8.4	4.8
2005	4.6	5.9	5.4	0.8	5.7	0.2
2006	2.0	2.6	6.8	8.6	7.0	7.0

Note: Includes Cook 1&2, Rockport 1&2 (at 1105 & 885 MW respectively), and Tanners Creek 1-4

Purchase Power Agreements AEP System-East Zone

	June	July	August
OVEC	951	951	951
Summersville	80	80	80
Mone	75	75	75
Total	1,106	1,106	1,106

Reducing Peak Demand

- Interruptible Loads (Indiana 226 MW at peak)
 - Special contract
 - Contract Service Interruptible Power tariff

- Load Management Services
 - Emergency Curtailable Service
 - Price Curtailable Service

- Time-of-Day Rates
 - 2,600 Indiana customers
 - 16,500 Off-peak water heating systems

Major operating challenges

- Generation – Major Investments
 - Cook Plant
 - Tanners Creek
 - Rockport
- Transmission – Aging Infrastructure
- Distribution – Capacity Constraints

Questions?